SIDLEY AUSTIN

A PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS

1722 EYE STREET, N.W. WASHINGTON, D. C. 20006

CHICAGO, ILLINOIS 60600 TELEPHONE 202: 429-4000 Telephone 312: 853-7000

TELEX 89-463

P.O. Box 190 MUSCAT, SULTANATE OF OMAN TELEPHONE 722-411 Telex 3266

P.O. Box 4619 DEIRA, DUBAJ-U.A.E. TELEPHONE 9714-283194 TELEX 47216

Founded in 1866 as Williams & Thompson

2049 CENTURY PARK EAST Los Angeles, Calipornia 90067 TELEPHONE 213: 553-8100 TELEX 18-1391

ONE FIRST NATIONAL PLAZA

Telex 25-4364

9 HOLLAND PARK LONDON, WIL STH, ENGLAND TELEPHONE 01: 727-0132 Telex 21781

August 29, 1983

AUG 29 1983 -4 45 PM

Hand-delivered

INTERSTATE COMMERCE COMMISSIONNO Ms. Agatha Mergenovich Secretary Interstate Commerce Commission 12th & Constitution Avenue, N.W. Washington, D.C.

Attention: Office of Recordation, Room 2303

Dear Ms. Mergenovich:

Pursuant to 49 U.S.C. § 11303, please accept for filing the attached Notice of Intent to Return Collateral In Satisfaction of Debt. We request that the Notice be filed under Recordation No. 12208, a Security Agreement dated September 23, 1980, between U.S. Steel Credit Corporation and Funding Systems Railcars, Inc.

Also enclosed is a check for \$10.00 to cover the filing fee.

Thank you for your assistance.

Interstate Commerce Commission Washington, P.C. 20423

OFFICE OF THE SECRETARY

Jay S. Bybee Sidley & Austin 1722 Eye Street, N. W. Washington, D. C. 20006

August 29, 1983

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on , and assigned reat 4:45PM 8/29/83 recordation number(s). 1220%-E

Sincerely yours,

gathe L. Mergenwich Agatha L. Mergenovich

Secretary

Enclosure(s)

NOTICE OF INTENT TO RETAIN COLLATERAL IN SATISFACTION OF DEBT

TO:

Weiler-Arnow Investment Co. Attention: Alan G. Weiler 1114 Avenues of the Americas New York, NY 10036

Wisconsin & Southern Railroad Co. Attention: Noel Ball 511 Barstow Street P. O. Box A Horicon, WI 53032

Funding Systems Railcars, Inc. Attention: James B. Shein 2215 Sanders Road, Suite 370 Northbrook, IL 60062

Stoddard D. Platt, Esq. Bergreen & Bergreen 660 Madison Avenue New York, NY 10021

Lewis S. Rosenbloom, Esq. Nachman, Munitz, Sweig, Ltd. 115 S. LaSalle Street Chicago, IL 60603

Steven B. Towbin, Esq. Daniel A. Zazove, Esq. Towbin & Zazove, Ltd. 53 W. Jackson Blvd. Chiccago, IL 60604

LaSalle & Bureau County Railroad Company Attention: John W. Johnson 53 W. Jackson Blvd., Suite 530 Chicago, IL 60604

Pursuant to the terms of that certain Security Agreement ("Security Agreement") dated as of September 23, 1980 between Funding Systems Railcars, Inc. ("FSR") and U.S. Steel Credit Corporation ("U.S. Steel") and recorded with the Interstate Commerce Commission of the United States as Recordation No. 12208,

RECORDATION NO. 1220 Filed 1425

AUG 29 1983 ·4 45 PM

INTERSTATE COMMERCE COMMISSION

U.S. Steel possesses a first perfected security interest in certain general purpose railroad gondola cars more particularly described below, to secure payment of a debt owed to U.S. Steel by FSR exceeding \$3,000,000.00 as evidenced by a certain Secured Note dated September 23, 1980 in the original principal amount of \$2,914,284.80 (the "Note"), executed and delivered by FSR to U.S. Steel. The said collateral consists of 100 railroad gondola cars originally bearing railroad equipment identification numbers WSOR 5164 through WSOR 5263, inclusive, and currently bearing the following railroad equipment identification numbers (collectively, the "Gondola Cars"):

WSOR	5164-5167	LSBC	5182
LSBC	5168	WSOR	5183
WSOR	5169	WSOR	5184
WSOR	5170	LSBC	5185
LSBC	5171	WSOR	5186
LSBC	5172		5187
	5173		5188
			
LSBC		_	5189-5199
WSOR	5175	LSBC	5200
WSOR	5176	LSBC	5201
LSBC	5177	WSOR	5202-5208
WSOR	5178-5181	LSBC	5209
WSOR	5210	WSOR	5236-5250
LSBC	5211	LSBC	5251-5253
WSOR	5212-5218	WSOR	5254
LSBC	5219-5222	LSBC	5255
WSOR	5223-5225	WSOR	5256-5258
LSBC	5226	LSBC	5259
WSOR	5227-5230	WSOR	5260
LSBC	5231	LSBC	5261
	5232-5234		5262
	5235		5263
TODC	3233	WOOR	5403

FSR has defaulted under the terms of the Note and Security Agreement. According to the filing index maintained by the Interstate Commerce Commission for such purposes pursuant to 49 U.S.C. §11303(b), each of you claims or may claim some interest in some or all of the Gondola Cars, which interest is subordinate and inferior to the rights and interests of U.S. Steel in the Gondola Cars.

Pursuant to the terms and provisions of that certain Agreed Order entered on June 4, 1982 by the United States Bankruptcy Court for the Northern District of Illinois in connection with Case No. 81 B 11964 and Adversary No. 82 A 1341 (the "Order"), the automatic stay imposed by 11 U.S.C. §362 vacated as against U.S. Steel on December 31, 1982 and U.S. Steel is authorized to enforce its liens and security interests in the Gondola Cars in accordance with the terms and provisions of the Security Agreement.

By this Notice, U.S. Steel formally proposes, in lieu of a foreclosure sale, to retain the Gondola Cars in satisfaction of the indebtedness evidenced by the Note, pursuant to the Order and Section 9505(b) of the Pennsylvania Uniform Commercial Code (13 Pa.C.S.A. §9505(b)). Further in accordance with the aforesaid statute and Order, U.S. Steel shall become the owner of the Gondola Cars free and clear of all liens, claims and/or encumbrances, in, to, or against the Gondola Cars, effective as of March 17, 1983.

You are hereby further notified that U.S. Steel has appointed the Elgin, Joliet and Eastern Railway Co. ("Elgin") as its agent for the purpose of securing possession of the Gondola Cars. U.S. Steel hereby demands that each of you having possession or control of any of the Gondola Cars immediately cause a turnover of possession of such Gondola Cars to U.S. Steel in accordance with instructions given to you by Elgin.

U.S. STEEL CREDIT CORPORATION

Y

Roger D. Crafe Vice-President

Leasing

DATED: February 3, 1983

AFFIDAVIT OF MAILING

STATE OF ILLINOIS)

(COUNTY OF COOK)

The undersigned, being on oath first duly sworn, deposes and states that he is an attorney with the law firm of Sidley & Austin, Suite 4300, One First National Plaza, Chicago, IL attorneys for U.S. Steel Credit Corporation in respect to the foregoing transaction, and that on February 8, 1983 he sent copies of the above and foregoing Notice of Intent to Retain Collateral in Satisfaction of Debt to each person to whom it is addressed, to their respective addresses set forth above, in sealed envelopes, by first class postage pre-paid United States Certified Mail, return receipts requested, from Chicago, Illinois.

Ronald W. Hanson

Subscribed to and sworn before me this 8th day of

February, 1983.

Notary Public